GOVERNMENT OF INDIA
STEEL
LOK SABHA

UNSTARRED QUESTION NO:729
ANSWERED ON:27.11.2006
MERGER OF STEEL UNITS WITH SAIL
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Will the Minister of STEEL be pleased to state:

(a) whether the proposal for the merger of some steel companies including the Neelanchal Ispat Nigam Limited (NINL) with the Steel Authority of India Limited (SAIL) has been pending;

(b) if so, the details thereof;

(c) the present status of each case alongwith the steps taken in respect of the merger of NINL with SAIL; and

(d) the benefits likely to accrue to SAIL therefrom?

Answer

MINISTER OF STATE IN THE MINISTRY OF STEEL (DR. AKHILESH DAS)

(a)to(c): Yes, Sir. Ministry of Steel had constituted an Expert Group under the Chairmanship of Shri B.L. Das, former Secretary (Steel) to examine various proposals of merger between PSUs under the Ministry and to make recommendations about the feasibility of these proposals. The Expert Group has recommended the following mergers with SAIL :-

1] Merger of Nilanchal Ispat Nigam Limited (NINL) with Steel Authority of India Limited (SAIL)

In the meeting of Committee of Secretaries (COS) held on 14/7/05, it was decided to merge NINL with SAIL. Process of appointment for merchant banker for the valuation of NINL is in progress.

2] Merger of Maharashtra Elektrosmelt Limited (MEL) with SAIL

Board of Directors of SAIL and Board of Directors of MEL in their 314th meeting held on 25/5/06 and 193rd meeting held on 26/5/06, respectively have accorded in-principle approval for the merger of MEL with SAIL. Necessary actions to effect the merger have since been initiated by both the companies.

3] Merger of Bharat Refractories Limited (BRL) with SAIL

Board of Directors of BRL have already passed a resolution accepting the proposal to merge BRL with SAIL on 11/5/06. Board of Directors of SAIL have also approved in-principle the merger proposal in its meeting held on 22/9/06. The proposal is under consideration by the Board for Reconstruction of Public Sector Enterprises (BRPSE).

(d) SAIL will be benefited in the following manner with the merger of NINL, MEL & BRL :-

NINL : SAIL will be benefited in achieving its Corporate Goal of 23 million tonnes of Hot metal by 2011-12 by developing NINL to achieve its full potential i.e. about 2.5 to 3.5 million tonnes per annum. Iron ore mines of NINL could also be an alternative source for the plants of SAIL.

MEL : Investment in MEL can be aligned with SAIL`s requirement of Ferro Alloys, which is likely to increase substantially by the year 2011-12. Post merger, investment decisions can be made faster and financing the same would also be cheaper and there will be better synergy between MEL and SAIL.

BRL : Full control over refractory supply and management will provide gains to SAIL. This will provide competitive advantage to SAIL when various large steel companies are setting up new capacities. Saving of sales tax, conversion charges to SAIL. BRL can upgrade/replace equipments, access new technology and use SAIL`s refractory making expertise.